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SENSITIVE
SIPDIS

DEPT FOR DRL TDANG
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SUBJECT: DRL DAS KRILLA DISCUSSES VOLUNTARY PRINCIPLES WITH GON
OFFICIALS AND IOC'S

SENSITIVE BUT UNCLASSIFIED - NOT FOR Distro OUTSIDE USG

¶1. (SBU) Summary: DRL DAS Krilla met in Abuja with representatives of the offices of the President and Vice President and separately with international oil company (IOC) representatives to discuss the Voluntary Principles on Security and Human Rights and the potential for their wider implementation in Nigeria's oil and gas sector. GON engagement on the voluntary principles is still in the early stages. IOC representatives discussed challenges to doing business in Nigeria, but stated they want to work more closely with the GON and state governments to further voluntary principles. End Summary.

¶2. (SBU) DAS Krilla met with the Vice President's desk officer for the Niger Delta Oranto Douglas and Presidential advisor Ken Saro-Wiwa Jr. in Abuja on September 8, 2008. Krilla briefed on his experience with and interest in the voluntary principles and asked Douglas and Sara-Wiwa Jr their thoughts on the subject. They explained that they had been deeply engaged for decades in voluntary principle concepts along with human rights and championed environmental rights. They lamented that under military rule, prior to 1999, civil society suffered harassment, beatings, rape, executions, and arrest without charges or bail, especially in the southern Nigerian area known as the Delta. Their history of human and environmental rights advocacy convinced President Yar'Adua and Vice President Jonathan to request their becoming personal staff with the intent to advise and engage to strike a balance with local, state, and national levels on human rights, security, voluntary principles and corporate responsibility. Douglas underscored that Nigeria is an evolving state, and needed Western influence and continued support.

¶3. (SBU) DAS Krilla encouraged Douglas and Saro-Wiwa to further engage the GON on voluntary principles and asked what U.S. assistance is needed to build capacity. Saro-Wiwa Jr noted that he and Douglas had just left the State House, where they participated in the inaugural meeting of the Niger Delta Technical Advisory Committee. This committee is charged with developing a peaceful and economic way forward for the Niger Delta to provide sustainable solutions to the decade's old Niger Delta crisis and its miserable legacy of human rights woes, environmental disasters, and other wrongful deeds. Both men were hopeful and optimistic toward the success of the committee. They strongly encouraged the U.S. to support community empowerment in the Delta.

¶4. (SBU) Saro-Wiwa continued by noting the need to support the Rivers State First Lady in her program that teaches small children empowerment and social responsibility from as early as preschool age. This program seeks to teach non-violence and discourage young people from joining "militant" groups. The effort is in direct response to what is known as the "Lost Generation," those teens and

young twenty-somethings huddled in gangs in the deep Delta, living well off bunkering and other unlawfulness. People want a better life and demand good roads, electricity, potable water, jobs, good schools, functional health care facilities, and a safe and secure environment.

15. (SBU) On September 9, DAS Krilla chaired an IOC roundtable discussion on the voluntary principles. Attending with Krilla were A/S Kramer and Pol Counselor. The IOC guests were Abubakar Amed, Shell Abuja Office Director; Noble Pepple, Shell External Affairs Manager, Vincent Olaiya ExxonMobil, Manager of Government and Business Relations, and his colleague Tauhida Zayyad, Advisor for Government and Business Relations, and Senator Aluku, Chevron Director of Government Affairs and Policy.

16. (SBU) The IOC representatives reported on their companies' voluntary principle efforts and noted specifically that these efforts included active and long term community programs. They said that there is currently negative incentive toward further gas exploration and that taxation of proceeds is among the highest in the world. Nigerian businesses are allowed to hide profit and duck taxation, where IOCs are paying tax on profit calculated on gross sales without normal and expected expenses, including money channeled back to the Government of Nigeria, which in most cases owns up to 60 percent of joint venture.

17. (SBU) The IOCs see the Nigerian National Petroleum Committee (NNPC) as a non-performing entity. They welcome a breakup and reorganization, but lament that traditionally the same old players become reappointed to leadership roles, netting no gain. The IOCs believe that USG direction in carrying out this reorganization would

ABUJA 00002049 002 OF 002

be a huge plus going forward. To give a perspective on the rich oil companies vs. poor Nigeria, the IOCs give 95 percent of their profits to the GON after expenses. Each joint venture entity has an MOU that determines sharing percentages. Many are 60/40, Shell stated that theirs was 55/30/10/5. Also as a perspective on state government wealth, the budget of Rivers State in the Delta Region is 25 percent of the national budget of Ghana. The IOCs welcome helpful dialogue, particularly on local content legislation, NNPC reorganization, and gas pricing. Qualified technical experts (not IOC related) would help to open dialogue. Also, a champion in the government for better relations between the GON and the IOCs and for joint contributions to the voluntary principles would be ideal. The IOCs remain committed to voluntary principles and to mentoring Nigerian businesses.

18. (U) This cable was coordinated with Consulate Lagos. DAS Krilla did not have an opportunity to clear this message.

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